

## Message Text

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ACTION EUR-12

INFO OCT-01 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00  
NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 ISO-00 EB-08  
COME-00 TRSE-00 ACDA-07 OMB-01 NEA-10 /084 W  
-----211940Z 000473 /43

R 211830Z JAN 77  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 4964  
INFO AMEMBASSY ROME  
AMEMBASSY BELGRADE  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY BRUSSELS  
AMEMBASSY THE HAGUE  
AMEMBASSY LUXEMBOURG  
AMEMBASSY DUBLIN  
AMEMBASSY COPENHAGEN  
USMISSION NATO BRUSSELS  
USMISSION EC BRUSSELS  
USDEL MBFR VIENNA

C O N F I D E N T I A L SECTION 01 OF 02 BONN 01310

E.O. 11652: GDS  
TAGS: EFIN, PFOR, IT, GW  
SUBJECT: ITALO-GERMAN BILATERAL

REFS: (A) BONN 01188; (B) BONN 20546

BEGIN SUMMARY: THE GERMANS ARE VERY PLEASED WITH THE  
RECENT SUMMIT MEETING WITH ANDREOTTI, AND BELIEVE THAT  
THE PRIME MINISTER IS ALSO SATISFIED. ANDREOTTI RECEIVED  
NO BILATERAL COMMITMENTS FROM THE GERMANS. WHILE HE  
LEFT BONN WITH GENERAL ASSURANCES THAT THE GERMANS WOULD  
PROVIDE ACTIVE SUPPORT FOR ITALIAN EFFORTS TO SECURE BOTH  
IMF AND EC CREDITS, THE GERMANS ALSO MADE CLEAR THE NEED  
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FOR "TOUGH" CONDITIONS REGARDING THE GRANTING OF SUCH  
INTERNATIONAL CREDITS. BECAUSE THE TALKS WENT SO WELL,  
BOTH LEADERS DECIDED ON THE SPUR OF THE MOMENT TO  
INSTITUTIONALIZE THE SUMMIT ON AN ANNUAL BASIS. END  
SUMMARY.

1. FONOFF OFFICIALS WHO HAVE BRIEFED US ON THE ANDRE-

OTTI VISIT HAVE EMPHASIZED THE "EXTRAORDINARILY SUCCESSFUL" NATURE OF THE SUMMIT. THEY POINTED OUT THAT ANDREOTTI'S GOAL WAS NOT TO SECURE AN FRG BILATERAL CREDIT COMMITMENT. RATHER, ITALY'S FINANCIAL PROBLEMS WERE CONSIDERED IN A MULTINATIONAL FRAMEWORK, WITH THE GERMANS AGREEING ACTIVELY TO SUPPORT ITALIAN EFFORTS TO SECURE \$500 MILLION EACH FROM THE IMF AND THE EC. ONE OFFICIAL SAID SCHMIDT WAS HOPEFUL THE TERMS FOR THE IMF LOAN COULD BE NEGOTIATED WITHIN THE NEXT TWO MONTHS (SEE REF A FOR FURTHER DETAILS ON FINANCIAL DISCUSSIONS).

2. THE ATMOSPHERICS SURROUNDING THE VISIT WERE GOOD, WITH SCHMIDT AND ANDREOTTI SPENDING TEN HOURS TOGETHER. DISCUSSIONS WERE CONDUCTED IN A FRIENDLY, BUSINESSLIKE FASHION. THE GERMAN PRESS PLAYED UP THE FRG'S "ACTIVE SOLIDARITY" FOR THE ITALIANS, AND ONE SOURCE SAID THAT THE FRG TRULY INTENDED TO EMPHASIZE "ACTIVE." THE TWO MEN ALSO ESTABLISHED A GOOD BASIS FOR MUTUAL UNDERSTANDING OF ONE ANOTHER'S PROBLEMS, PROVIDING DETAILED COMMENTS ON THE INTERNAL POLITICAL AND ECONOMIC SCENES WITHIN THEIR RESPECTIVE COUNTRIES.

3. WHILE MOST OF THE TOPICS DISCUSSED DID NOT PRODUCE ANY NEW DEPARTURES, A FONOFF SOURCE CALLED THE FOLLOWING ITEMS TO OUR ATTENTION.

-- EC SUMMITS: SCHMIDT AVERRED THAT THE EC MINISTERS SHOULD DECIDE THE ISSUES WITHIN THEIR RESPECTIVE AREAS OF COMPETENCE AND NOT EXPECT THE CHIEFS OF GOVERNMENT TO ACT AS ARBITERS DURING THE COUNCIL MEETING. ANDREOTTI AGREED WITH THIS VIEW.

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MENT TO ACT AS ARBITERS DURING THE COUNCIL MEETING. ANDREOTTI AGREED WITH THIS VIEW.

-- CSCE: BOTH AGREED IT WAS IMPORTANT TO KEEP THE MOMENTUM OF DETENTE MOVING, WITH ANDREOTTI POINTING OUT THE CONTRADICTORY INTERPRETATION OF HUMAN RIGHTS ISSUES IN THE EAST BLOC.

-- MBFR: SCHMIDT INDICATED THAT A NEW SALT AGREEMENT MUST PRECEDE AN MBFR AGREEMENT. HE SAID THERE SHOULD BE NO ADVANCE CONCESSIONS TO THE EAST.

-- FORLANI VISIT TO MOSCOW: ANDREOTTI REPORTED THAT THE SOVIETS WERE DISAPPOINTED THAT THEIR NUCLEAR "NON-FIRST-USE" PROPOSAL HAD FOUND LITTLE RESONANCE IN THE WEST. HE ALSO SAID THE SOVIETS PRESSED THE ITALIANS TO GRANT A \$600 MILLION CREDIT FOR THE PURPOSE OF EXPANDING TRADE WHICH, FORLANI EXPLAINED, THEY WERE IN NO POSITION TO DO.

-- MIDDLE EAST: BOTH AGREED THE TIME WAS PROPITIOUS

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 01310

FOR PROGRESS GIVEN THE CURRENT MODERATE ARAB  
LINE. THEY THOUGHT IT WAS NOW UP TO THE ISRAELIS TO  
MOVE.

4. BILATERAL RELATIONS. WE WERE TOLD THAT ANDREOTTI  
AND SCHMIDT DISCUSSED THE KAPPLER AFFAIR (REF B) AT  
LENGTH. WHILE THE ITALIAN WAS BASICALLY SYMPATHETIC TO  
THE GERMAN ARGUMENT THAT KAPPLER SHOULD NOT BE USED TO  
EXPIATE ALL THE SINS OF FASCISM, HE STILL COULD NOT  
PROMISE TO DO ANYTHING. INSTEAD, IT WAS AGREED THAT  
PERHAPS THE BEST WAY TO PROCEED WOULD BE TO SUGGEST  
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TO GERMAN JEWISH GROUPS TO CONVINCE THEIR ITALIAN COUNTERPARTS THAT KAPPLER SHOULD BE PARDONED SO THAT HE COULD RETURN TO GERMANY TO DIE.

ANDREOTTI RAISED THE PROBLEM OF ADEQUATE SCHOOLING FOR CHILDREN OF ITALIAN GUEST WORKERS IN THE FRG. SCHMIDT WAS SYMPATHETIC, BUT POINTED OUT THIS WAS PRINCIPALLY A MATTER FOR THE STATE GOVERNMENTS AND THEREFORE LARGELY OUT OF HIS HANDS.

FINALLY, THE PROBLEM OF THE BAD PRESS WHICH THEIR RESPECTIVE NATIONALS RECEIVE IN ONE ANOTHER'S COUNTRY OCCUPIED MUCH OF THE DISCUSSIONS. BOTH SIDES AGREED IT WAS STRANGE THAT OFFICIAL RELATIONS COULD BE SO GOOD WHILE AVERAGE GERMANS AND ITALIANS HELD SO MANY PREJUDICES AGAINST ONE ANOTHER.

5. AGREEMENT FOR ANNUAL SUMMIT: ANDREOTTI INITIALLY RAISED THE IDEA OF MEETING MORE OFTEN -- THE LAST ITALO-GERMAN SUMMIT TOOK PLACE IN THE FALL OF 1974 -- GIVEN THE USEFULNESS OF SUCH CONTACTS. THE CHANCELLOR RESPONDED THAT HE LOOKED FORWARD TO THEIR NEXT MEETING, PROBABLY IN ROME AT THE EC COUNCIL MEETING. ANDREOTTI SAID HE HAD MORE IN MIND THAN THAT. SCHMIDT PICKED UP THE POINT AND SUGGESTED THAT THEIR SUMMIT BE INSTITUTIONALIZED ON AN ANNUAL BASIS, MAKING IT SOMEWHAT COMPARABLE TO THE FRANCO-GERMAN AND ANGLO-GERMAN SUMMITS. ANDREOTTI READILY AGREED.

6. COMMENT: FROM THE GERMAN PERSPECTIVE, THE ANDREOTTI VISIT MUST BE CONSIDERED SUCCESSFUL. PRIOR TO THE PRIME MINISTER'S ARRIVAL IN BONN, PRESS REPORTS DISCOUNTED ANY POSSIBILITY OF BILATERAL FINANCIAL SUPPORT BEING OFFERED BY THE FRG TO ITALY. SINCE THE MAJOR ISSUE LOOMING BETWEEN THE TWO GOVERNMENTS WAS FINESSED IN THIS MANNER, ANDREOTTI DID NOT PRESS FOR SOMETHING HE KNEW  
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HE WOULD NOT GET. THE GERMANS UNDERTOOK NO NEW COSTLY COMMITMENTS. YET AT THE SAME TIME THEY DEMONSTRATED THEIR MORAL SUPPORT FOR A FELLOW ALLY AND IMPORTANT TRADING PARTNER ENMESHED IN SERIOUS POLITICAL AND ECONOMIC PROBLEMS WITHOUT GIVING ANY GROUND ON THE NEED FOR DIFFICULT ITALIAN ECONOMIC POLICY MEASURES AS PART OF A PACKAGE OF INTERNATIONAL FINANCIAL ASSISTANCE.

WE ASSUME THAT CHANCELLOR SCHMIDT WAS REMINDED BY HIS STAFF ABOUT THE FUROR CAUSED BY HIS CRITICISMS LAST YEAR OF ITALY AND THE CONSEQUENT STRAIN IN ITALO-GERMAN RELATIONS.

IT APPEARS SCHMIDT WAS A GOOD LISTENER AND DID NOT LECTURE HIS ITALIAN GUEST. THE AGREEMENT BETWEEN HIM AND ANDREOTTI TO INSTITUTIONALIZE THESE SUMMITS WILL UNDOUBTEDLY LEAD TO A STRENGTHENING OF THE ITALO-GERMAN CONNECTION AT THE OFFICIAL LEVEL.  
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## Message Attributes

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